

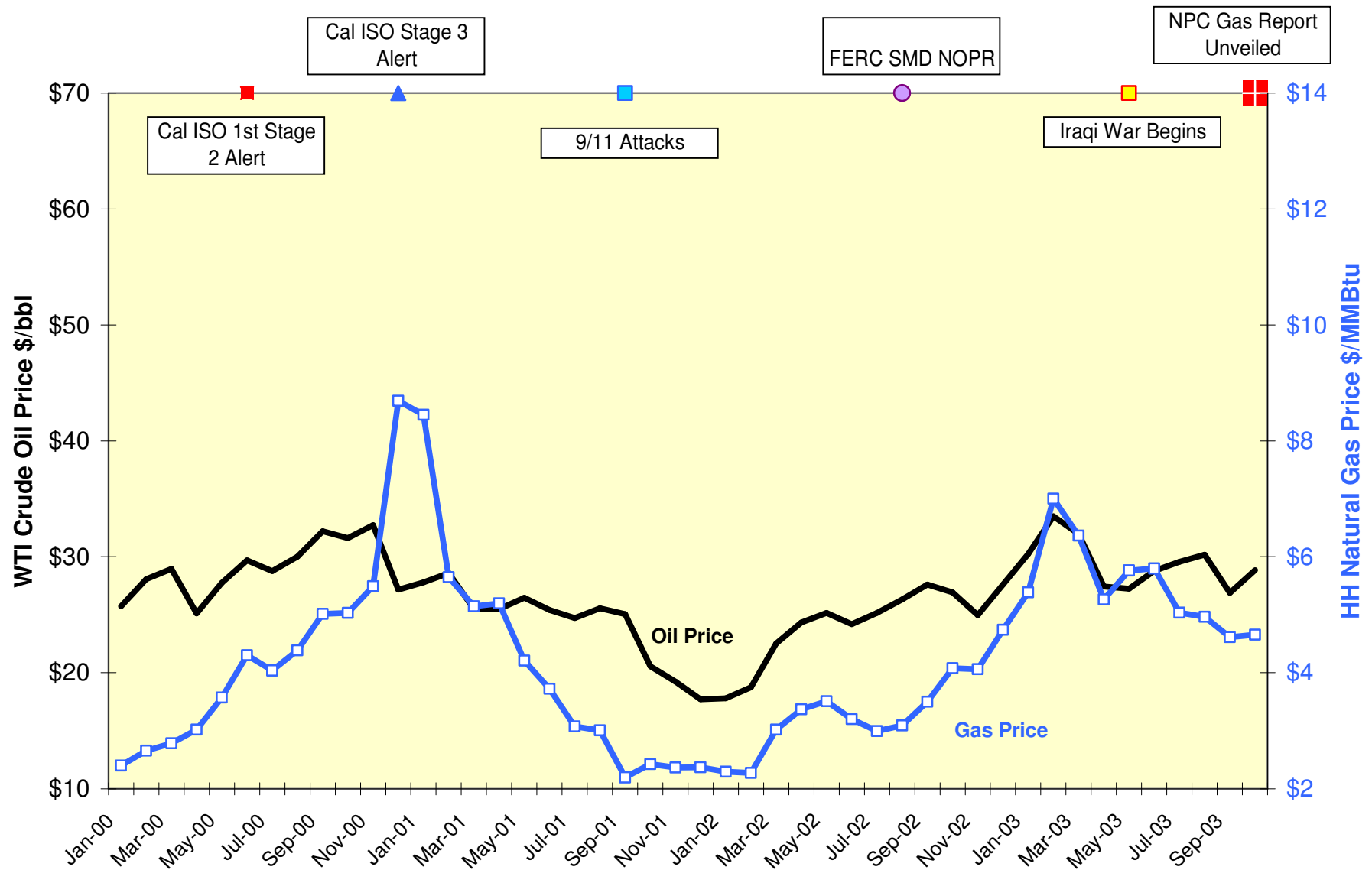
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**DOE Meeting on *BALANCING NATURAL GAS  
SUPPLY AND DEMAND***

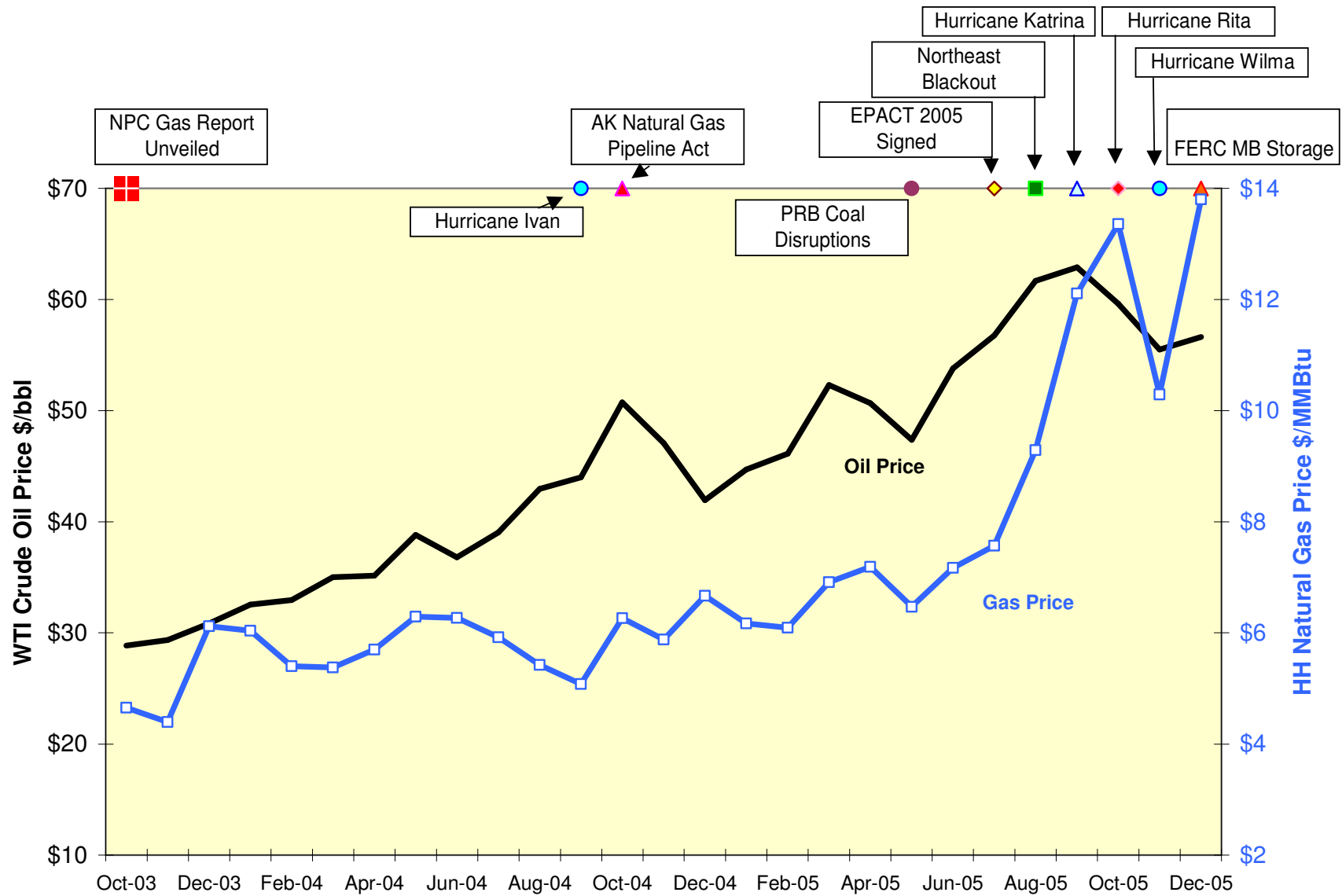
**Summary of Key Legislative and Regulatory  
Developments Over Last Three Years**

**December 19-20, 2005**

# Energy Market Timeline 2000 - 2003



# Energy Market Timeline 2003 - Present



# Natural Gas / Energy Market Events

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- **Liquidity crunch**
  - Reduction in “fixed price” month-ahead transactions
- **Northeast blackout**
- + **Price reporting/transparency**
  - Committee of Chief Risk Officers protocols
- **Oil price increases, greater appreciation of international competition for oil and gas supplies**
- **Coal price increases, transportation difficulties**
- **Hurricanes**
  - Increased frequency and gas and oil supply impact over the last two years
- + **Increased number of proposed new coal power plants. More serious discussions of new nuclear plants.**

# Energy Policy Act of 2005

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- + **Conservation and efficiency incentives**
- + **Coal, nuclear and renewables incentives for power generation**
- + **Royalty relief for Gulf of Mexico oil and gas production**
- + **Streamlining of Federal land permitting**
- + **Ultra-deep and unconventional oil and gas supply research funding at DOE**
- **Ban on new drilling in Great and Finger lakes**
- + **Improved pipeline depreciation schedules and clarification**
- + **Market-based rate “option” for independent storage**
  - **Reduced “market concentration” hurdle**
- + **Coastal Zone Management Act timeline and consolidated record for appeal**
- + **Requests several reports related to energy markets including on natural gas shortage**

# FERC Regulation

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- + **Reduce certification timeline**
  - “Pre-filing” requirements
- + **Natural Gas Act Section 3 (rather than open access) LNG terminal certification**
- + **Codes of conduct for affiliate transactions and relationships**
  - Broader definitions for affiliates
- **Standard Market Design stalled**
- + **Gas quality studies (Natural Gas Council and others)**
- **Price cap on capacity release re-imposed**
  - Experiment allowed to expire
- + **Proposed rules for market-based storage rates (Dec 15, 2005)**

# State / Regional Regulation

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- + **State allow increased use hedging tools for local distribution company gas supply**
- + **Interstate Oil and Gas Compact Commission and National Association of Regulatory Utility Commissioners (IOGCC/NARUC) Task Force (recommendations only) for long-term contracts**
  - **Attempt to address regulatory barriers/disincentives to use of long-term contracts**
- **Retrenchment in electricity restructuring at state level. Push-back at FERC Standard Market Design**
- + **Regional Transmission Organization/Independent System Operator discussions of the structure of capacity payments to power generators. How will firmness of fuel supplies be addressed?**